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MEETING OF THE COUNCIL OF PROVINCIAL ENERGY MINISTERS (CPEM)

Energy Security Issues - Summary

Nova Scotia

August 24 (a.m.), 1987
ST. JOHN'S, Newfoundland

GOVERNMENT OF NOVA SCOTIA

1. Nature of Problem

- Short term security means the ability to obtain sufficient crude oil supplies during any disruption to minimize hardship.

- Long term security is the reduction of Nova Scotia's vulnerability created by an overdependence on foreign crude oil.

2. Options and Recommendations

A. Domestic Responses: Emergency Measures

- Transporting western Canadian crude oil to eastern Canada -- however, options are plagued by concerns over western Canadian light crude availability, tanker ship capacity, time delays and ice problems in the St. Lawrence River during winter.

- Swap arrangements with the United States -- however, no formal mechanism has been agreed upon to ensure that this arrangement would be put into practice or to guarantee the Americans' willingness to participate in swap arrangements.

- Strategic crude oil reserve in Atlantic Canada -- relatively low crude oil prices make this option more amenable at this time, but finite availability of supplies under this option is a concern.

- Petroleum product supplies allocation and demand restraint measures -- measures already formulated remain untested. In addition, no acceptable means by which to deal with hardship cases have yet been developed at the federal level leaving these problems open to ad hoc solution.

B. Domestic Responses: Long-term Measures

- Security will be realized through a three-pronged strategy oriented towards the development of greater self-reliance.

  - Diversification of the province's energy supply mix;

- Encouragement of indigenous fuel supplies; and

- Improve the efficiency of energy use.

Oil Supply Enhancement

- The federal and provincial governments must jointly create a fiscal and regulatory environment conducive to the encouragement of the exploration, delineation and development of offshore petroleum reserves associated with Cohasset and other promising oil bearing structures.

Substitution and Conservation

- Development of Scotian Shelf natural gas reserves is a financially viable undertaking despite today's low oil prices. Provincial and federal authorities are initiating discussions aimed at developing a financially attractive package which will get development underway.

- Indigenous coal reserves will remain as a critical ingredient in our future energy supply picture. The ongoing viability of this industry must be sustained by continuing to strengthen the Cape Breton Development Corporation and through continued support for research into alternate coal utilization technologies.

- The investigation into and demonstration of renewable energy supplies must be ongoing. Further efforts should be directed toward increasing consumer acceptance of this fuel through information transfer activities and demonstration programs, and by making investments in wood chips more technically and financially attractive. Additional government support will be required to see that this potential is realized.

- The federal government, working co-operatively with the provinces, is encouraged to extend the life of a number of programs (conservation) under joint operation so that the impressive gains of the past can be built upon and greater energy efficiency achieved.